

CONFIDENTIAL

CIARDS

1. CIARDS had a balance of \$142.6 million as of December 31, 1975, nearly all in cash and U.S. Securities held by U.S. Treasury, (down from a high of \$144.7 million as of March 31, 1975) and is expected to decline further to about \$135.0 million by June 30, 1976. Without appropriations to supplement employee/employer contributions and interest on invested funds, I expect the resources of the Fund will become exhausted early in fiscal year 1981 - less than five years from now. It is estimated the unfunded liability of the Fund as of 30 June 1976 will be \$568.0 million projected on the basis of the actuarial evaluation prepared by the Department of the Treasury Actuary as of December 31, 1968. A new evaluation as of December 31, 1973 which is nearing completion by the Treasury Actuary will update this estimate.

2. Legislation (HR 11088) has been introduced which includes financing provisions comparable to those previously approved for the Foreign Service System in Public Law 91-201 and to conform with a revision proposed for the Foreign Service System currently pending in Congress. Briefly these provisions authorize (a) annual payments for interest on unfunded liability and to reimburse for disbursements attributable to credit allowed for military service (at a 60 percent level for FY 1976 and rising to 100 percent by FY 1980), (b) annual payments of that portion of normal costs not met by employee/employer contributions and (c) annual payments to finance in thirty equal installments increases in unfunded liability for new or liberalized benefits, extension of coverage or salary increases. I consider enactment of this legislation essential to the continuing liquidity of the Fund.

3. The schedule which appears in the President's FY 1977 Budget for a \$28.3 million payment to CIARDS simply reflects the estimated budgetary cost of the above cited legislation for FY 1977, should it be enacted.

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Approved For Release 2001/04/09 : CIA-RDP79-00498A000100070003-0

Approved For Release 2001/04/09 : CIA-RDP79-00498A000100070003-0

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OFFICE OF TRAINING

QUESTION.

Why should training costs be this high?

ANSWER.

The numerous fields of specialization represented by CIA employees and the fact that certain skills needed within CIA, e.g., the tradecraft needed to conduct agent operations, requires that considerable training be done after entrance on duty. Even so, the total cost of training in CIA represents only approximately four percent of the total Agency budget for FY 1975.

25X9 Approximately one-third of the Office of Training budget [REDACTED] is expended on the selection and placement of career trainees and on the operation and maintenance of the [REDACTED] which in a strict sense, are 25X1A not training costs. A large part of "component training," that is, training conducted by a CIA component other than OTR, for its own personnel results from the need to keep abreast of technological change. The principle components involved in this type of training are the Office of Communications, Office of Joint Computer Support, Office of Technical Services, and the National Photographic Interpretation Center.

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In sum, our training costs are high because we have requirements which can be met only by giving the training ourselves.

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Approved For Release 2001/04/09 : CIA-RDP79-00498A000100070003-0

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TRANSMITTAL SLIP		27 Jan 1976
TO: DDA - [REDACTED]		
ROOM NO. 7 D 02	BUILDING HQS	
REMARKS: Bill: This is copy of material I sent to Ben. I believe an opening paragraph on why CIARDS and perhaps current data on numbers of participants and annuitants should provide an appropriate statement. [REDACTED]		
FROM: OF - [REDACTED]		
ROOM NO.	BUILDING	EXTENSION

FORM NO. 241
1 FEB 55REPLACES FORM 36-8
WHICH MAY BE USED.

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